

Multi-year Expert Meeting on

# **TRADE, SERVICES AND DEVELOPMENT**

*Geneva, 15-17 April 2014*

## **SESSION 3:**

**INFRASTRUCTURE SERVICES UNDER  
REGIONAL TRADE AGREEMENTS**

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# **MALAYSIA AND ASEAN ECONOMIC COMMUNITY (AEC)**

## **Regional Integration and Global Value Chains**

# Malaysia's Strategic Location in the Southeast Asian Region



# ASEAN Competitiveness

- ASEAN Economic Community by 2015.
- Building physical and institutional connectivity.



## 4 PILLARS OF THE AEC

# ASEAN Economic Community

Strategic Schedule of the AEC Blueprint (2008-2015)

### AEC Pillar 1

Single Market & Production Base

- Free flow of goods
- Free flow of services
- Free flow of investment
- Freer flow of capital
- Free flow of skilled labor
- Priority Integration Sectors
- Food, agriculture and forestry

### AEC Pillar 2

Competitive Economic Region

- Competition policy
- Consumer protection
- Intellectual property rights
- Infrastructure development
- Taxation
- E-Commerce

### AEC Pillar 3

Equitable Economic Development

- SME development
- Initiative for ASEAN Integration

### AEC Pillar 4

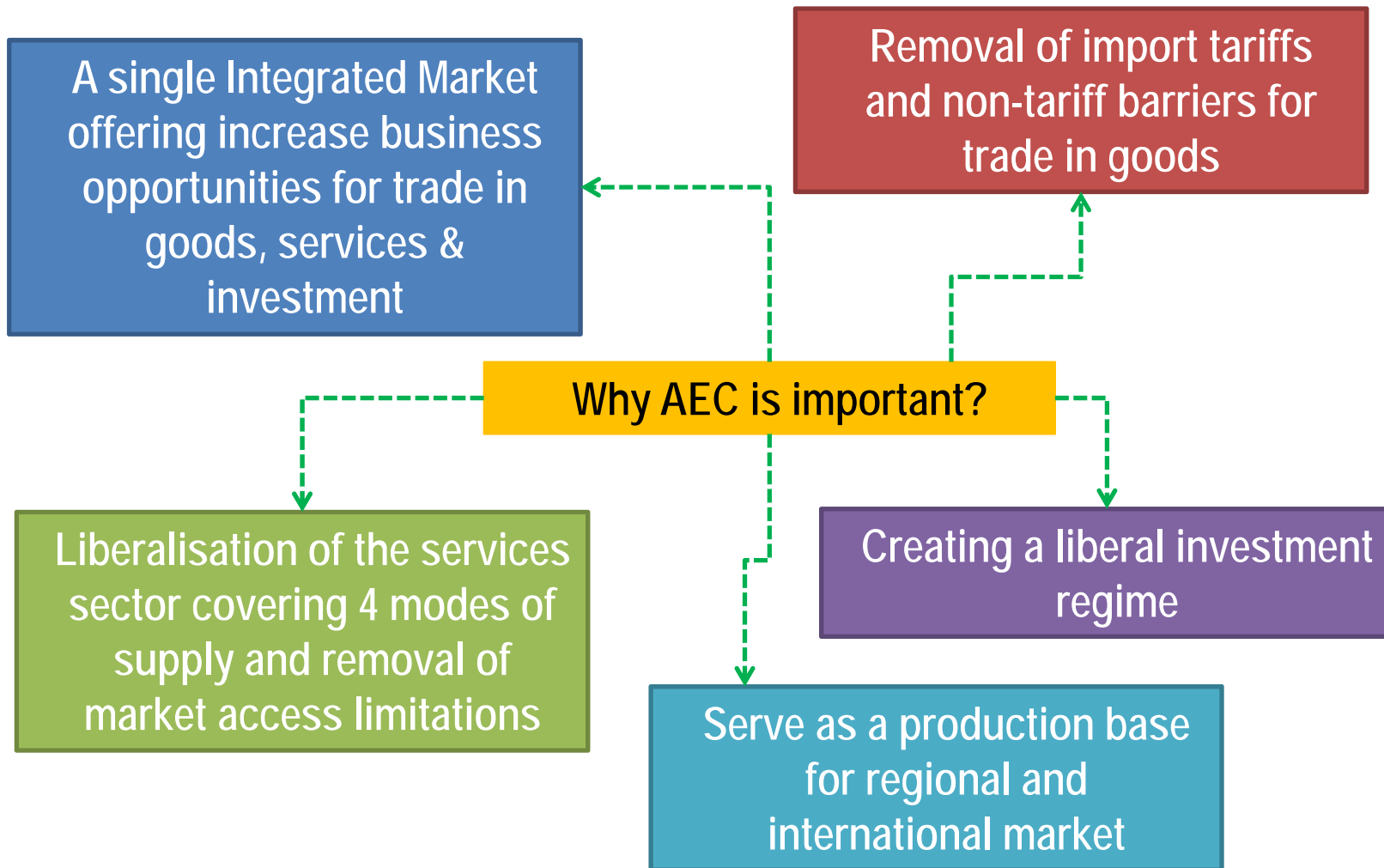
Integration into the Global Economy

- Coherent approach towards external economic relations
- Enhanced participation in global supply networks

HUMAN RESOURCE DEVELOPMENT

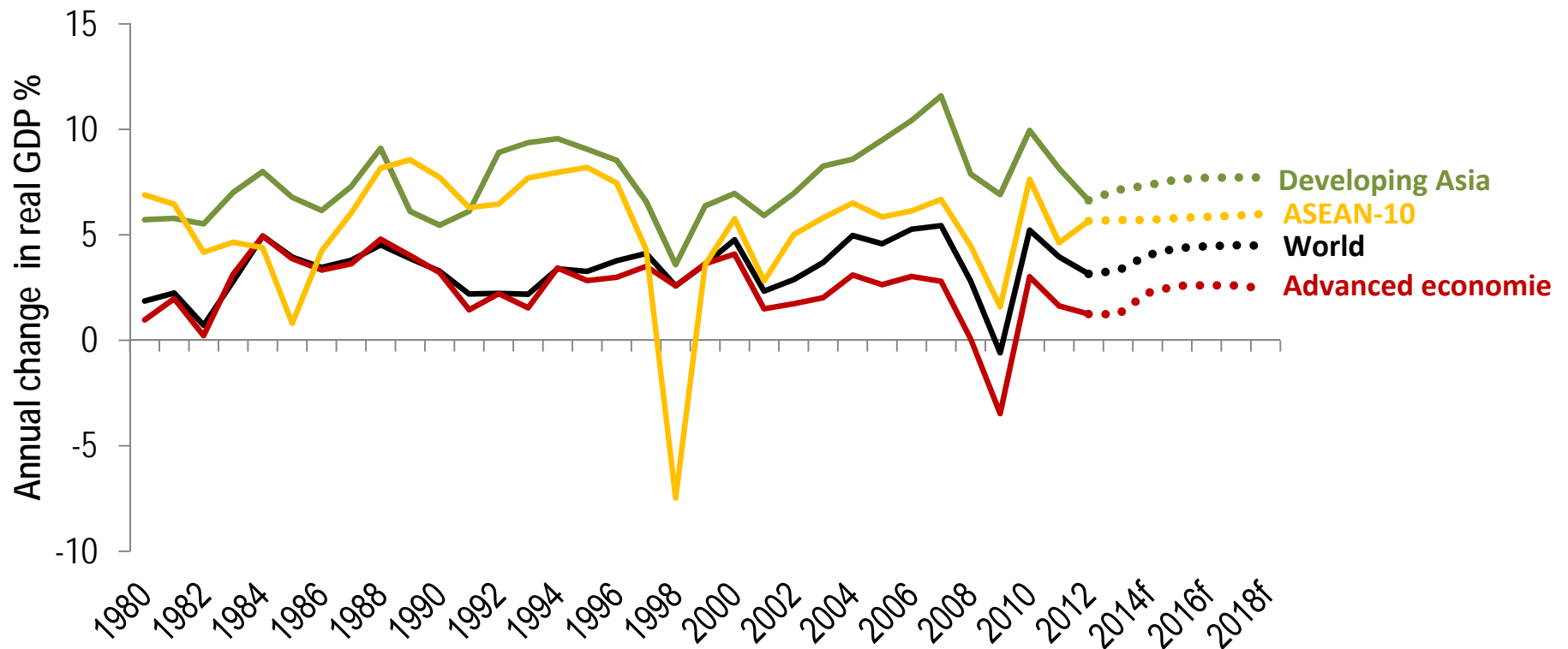
RESEARCH AND DEVELOPMENT

# ASEAN ECONOMIC COMMUNITY



## ASEAN's Growing Economy...

Except for in the mid-1980s and late 1990s (Asian Financial Crisis), ASEAN-10's growth has exceeded the global average, but below that for the broader Developing Asia, powered by China and India.



Source: International Monetary Fund's (IMF) World Economic Outlook April 2013; RAM Economics Research

## ASEAN's Economic Assets

INDICATORS	UNIT	2006	2012
Total Land Area	km <sup>2</sup>	4,464,322	4,435,670
Total Population	million	567.20	617.2
Gross Domestic Product at Current Prices	US\$ billion	1,087	2,313.1
GDP Growth	percent	6.2	2011: 4.8 2012: 5.7 2013: 6.0
Gross Domestic Product Per Capita at Current Prices	US\$	1,918	3,747.8
Merchandise Trade	US\$ billion	1,404.8	2,474.7
Foreign Direct Investments Inflows	US\$ billion	63.7	108.2



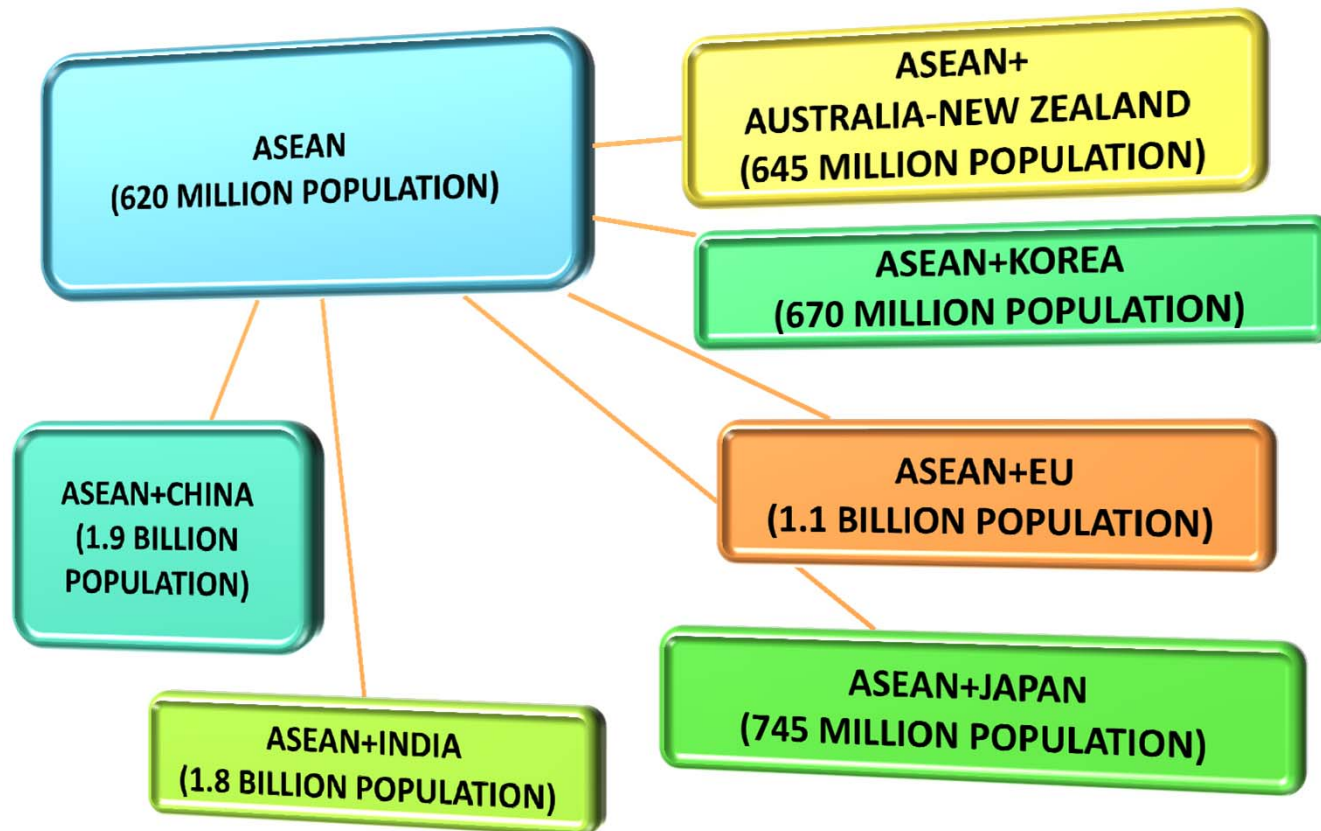
# Why ASEAN Economic Integration Makes Business Sense to Malaysia?

- ✓ Market of over 20 times
- ✓ Untapped economic opportunities as the region continues to register strong growth
- ✓ Increasing consumer class in ASEAN (rise of middle class population)
- ✓ Rich in resources i.e. timber, oil & gas, minerals, palm oil, rubber, rice, sugar
- ✓ Industrial economic structure
- ✓ Human capital

Indicators	Malaysia	ASEAN
Market Size	30 million	620 million
Total Trade	US\$420 billion	US\$2,500 billion
GDP	US\$288 billion	US\$2,300 billion
GDP Growth	5.1%	5.7%

# Why ASEAN Economic Integration Makes Business Sense to Malaysia?

Connected to trading partners through Preferential Trading Agreements (Market size of over 3 billion)



# AEC and Opportunities for Malaysian Businesses

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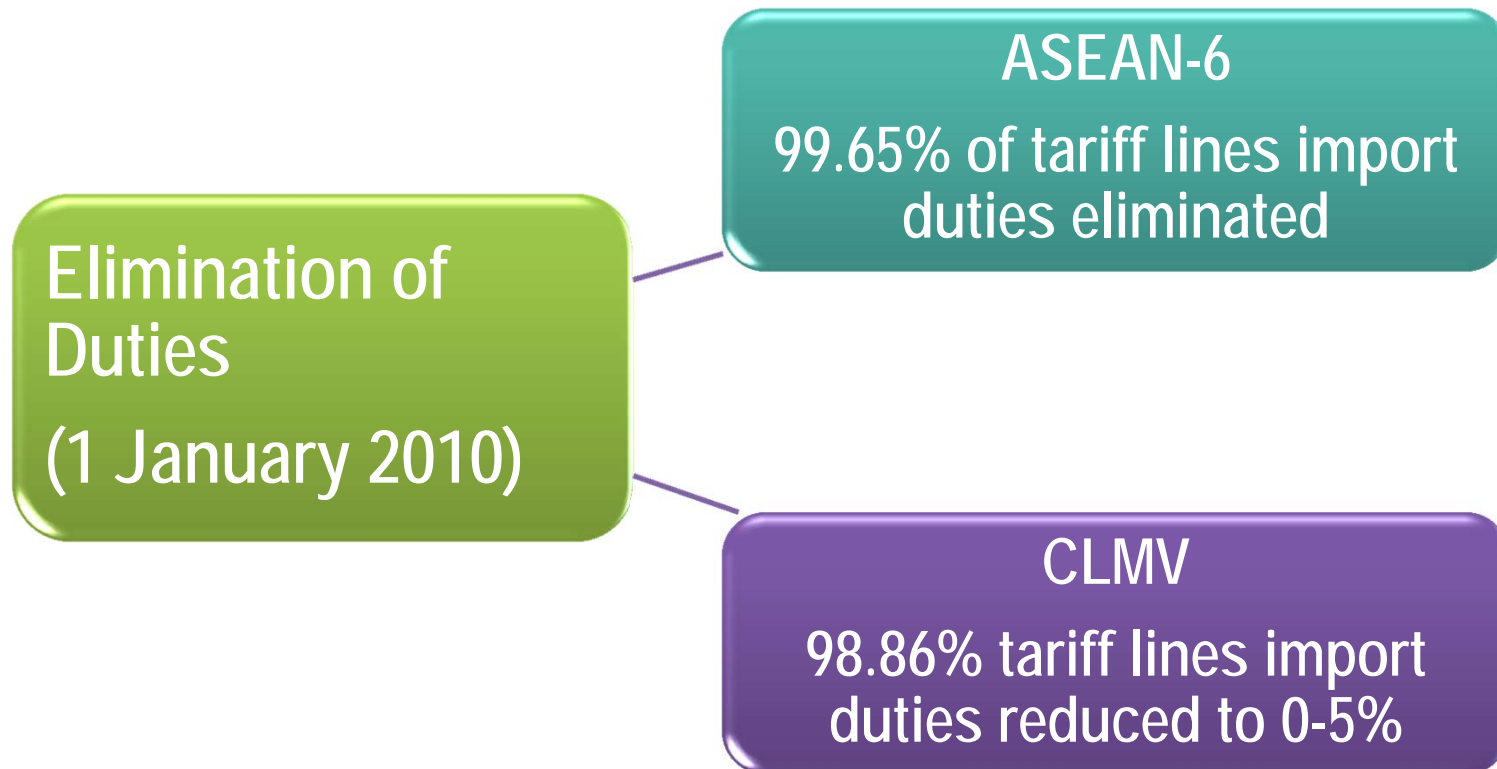
A Single Integrated Market offering increase business opportunities for trade in goods, services and investment, through:

- removal of import tariffs and non-tariff barriers for trade in goods;
- liberalisation of the services sector covering all 4 modes of supply and removal of market access limitations
- creating a liberal investment regime

Serves as a production base for regional and international market

# Liberalization and Facilitation of Trade

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## Malaysia:

✓ Eliminated duties on 99% of tariff lines

# Institutional Connectivity

- ASEAN is in the process of developing a robust mechanism to identify and eliminate non-tariff barriers (NTBs).
- Work to re-align the ASEAN NTM database classification with the 2012 UNCTAD NTM classification is on-going.
- The development of the National Trade Repository/ASEAN Trade Repository will be pursued in parallel to the development of National Single Window/ASEAN Single Window in the respective ASEAN Member States.



# Liberalization in Services

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**12 Broad Sectors**

**128 Sub-Sectors**

Business Services

Educational Services

Tourism and Travel  
Related Services

Communication  
Services

Environmental  
Services

Recreational, Cultural  
and Sporting  
Services

Construction and  
Related Engineering  
Services

Financial Services

Transport Services

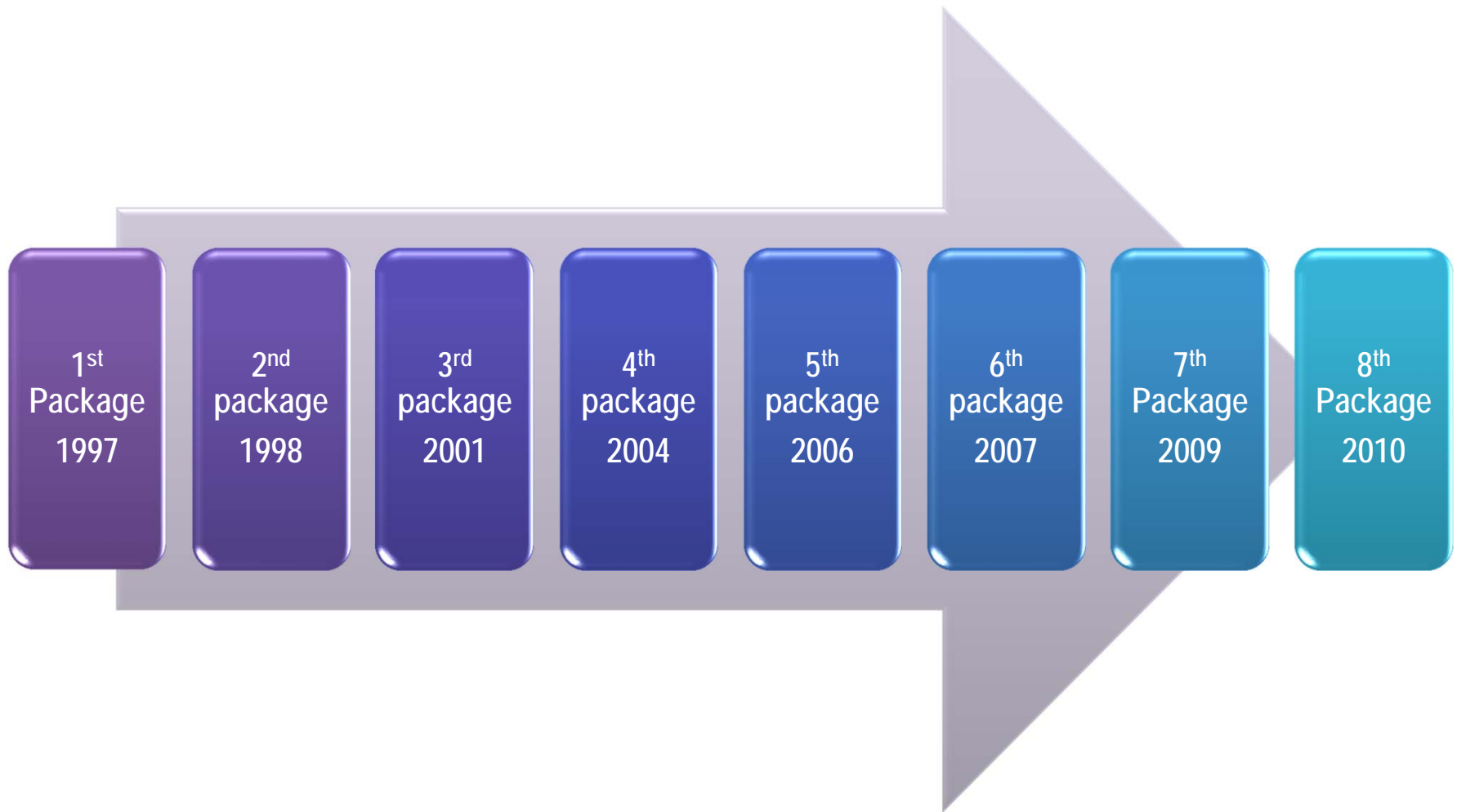
Distribution Services

Health Related and  
Social Services

Other Services

# 8 Packages of Liberalization in Services

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# Malaysia Tapping on ASEAN Talent Pool...

## ➤ ASEAN Movement of Natural Persons Agreement (MNP)

- ✓ Business Visitors
- ✓ Intra-Corporate Transferees
- ✓ Contractual Service Suppliers



## ➤ Mutual Recognition Agreements (MRAs)

-  Engineering Services
-  Nursing Services
-  Architecture Services
-  Accountancy Services
-  Medical Practitioners
-  Dental Practitioners
-  Surveyors



## Malaysia Tapping on ASEAN Talent Pool...

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- MRAs on engineering and architecture provide recognition for registered ASEAN professionals by providing harmonised standards and qualifications;
- The MRA on nursing was designed to strengthen professional capabilities by promoting the exchange of expertise, experience, and the best practices;
- MRAs on Accountancy and Surveying services lay down the broad principle and framework for the negotiating bilateral and multilateral MRAs; and
- MRAs on medical and dental professions are based on bilateral registration process.

# Malaysian Investments in the Region...

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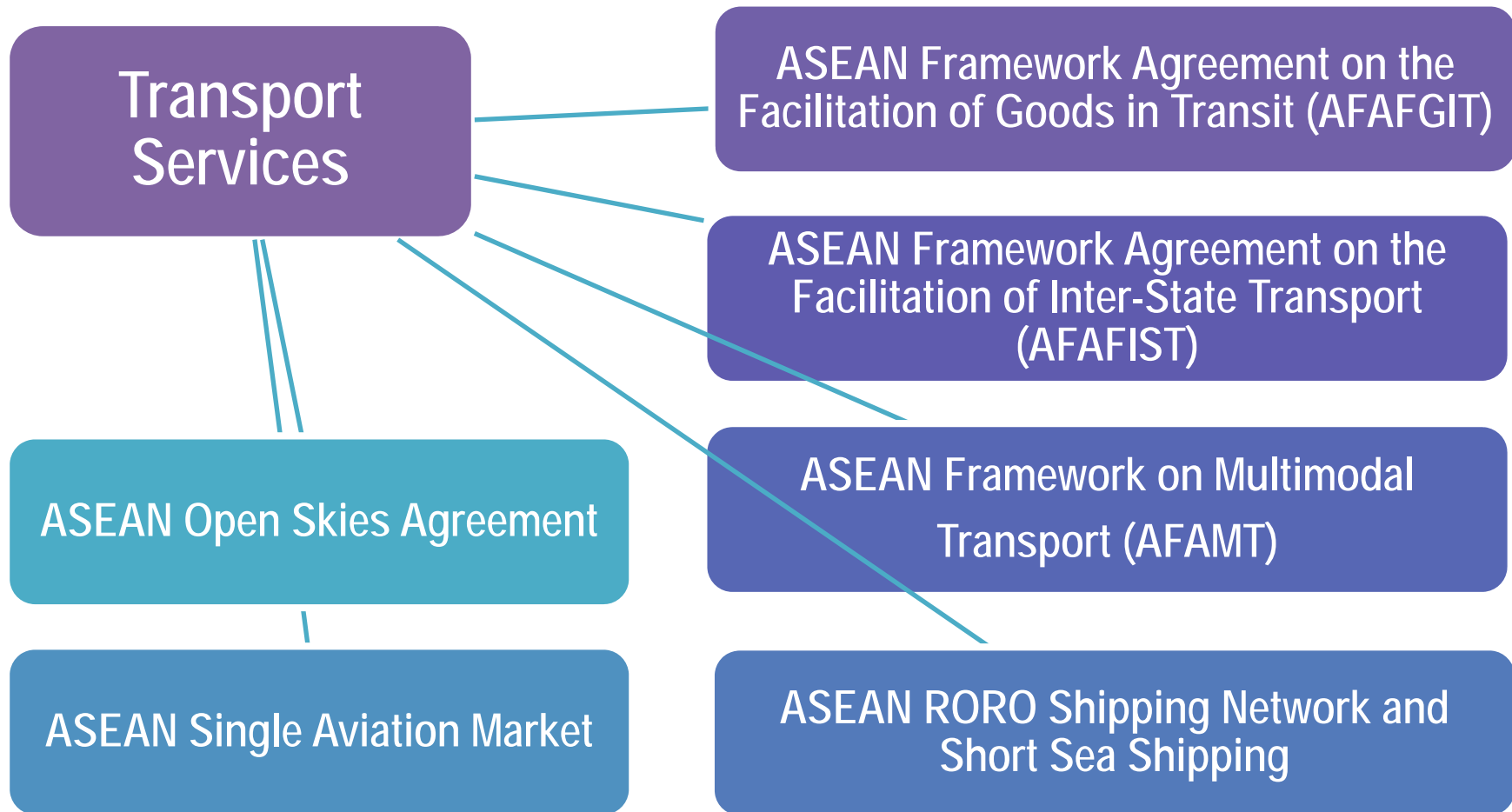
## ASEAN Comprehensive Investment Agreement (ACIA)

- Opens opportunities for Malaysian investments in:
  - ✓ Manufacturing & Related Services
  - ✓ Agriculture
  - ✓ Fishery
  - ✓ Forestry
  - ✓ Mining & Quarrying



## Collaboration in Other Sectors

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# Collaboration in Other Sectors

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## ICT

- ASEAN Broadband Corridor
- Lower Intra-ASEAN Mobile Roaming Charges
- ASEAN Network Security Action Council

## Energy

- ASEAN Power Grid
- Trans-ASEAN Gas Pipeline
- ASEAN Petroleum Security Agreement

## Minerals

- ASEAN Minerals Database and Information System
- ASEAN Minerals Cooperation Action Plan 2011-2015

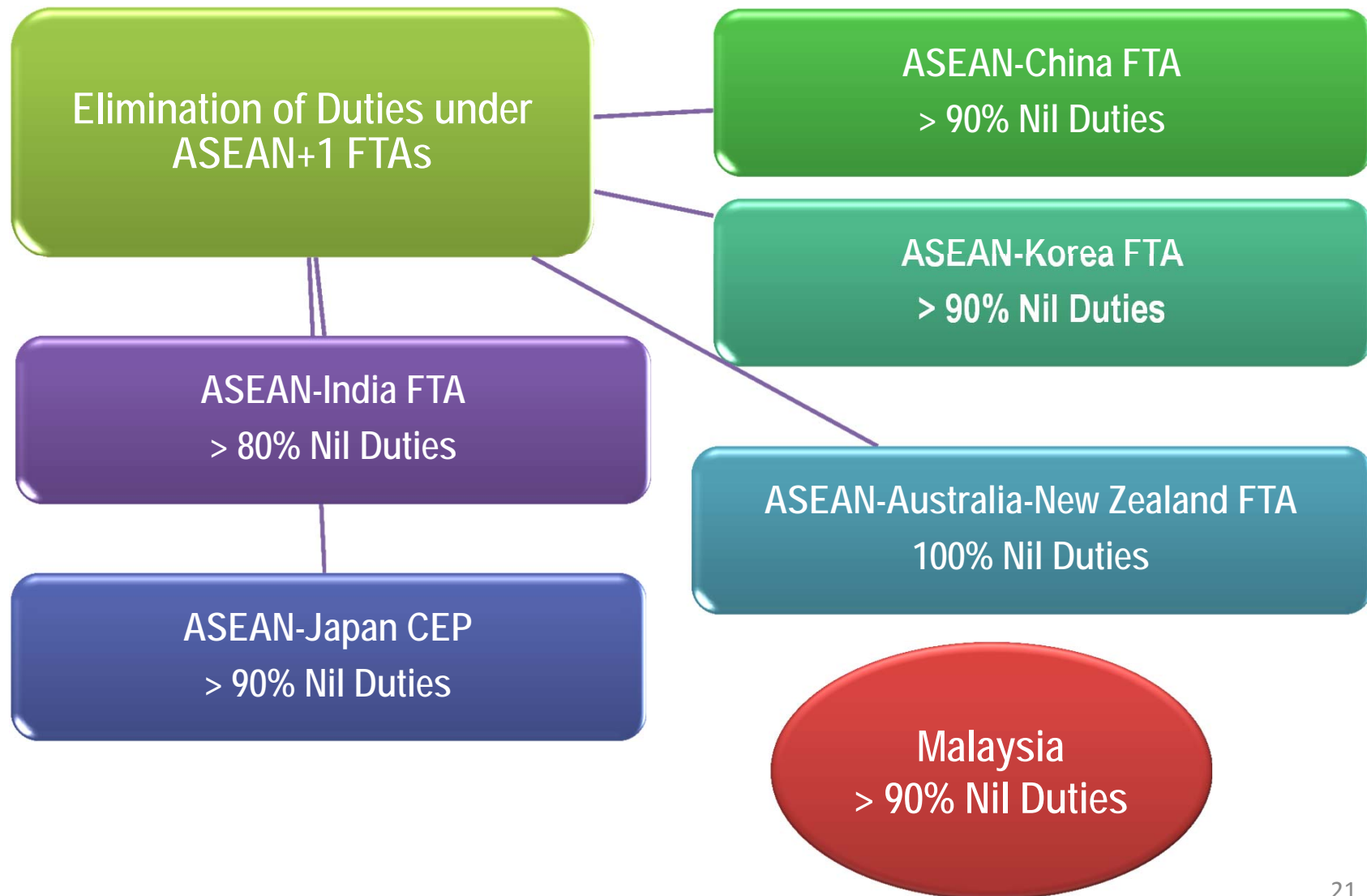
# ASEAN BROADBAND CORRIDOR

## Objective

The ASEAN Broadband Corridor (ABC) project aims at establishing areas in each ASEAN Member State (AMS) with high-speed Internet connectivity to facilitate the development of economy and community through the adoption of Information & Communication Technology (ICT).

# Malaysia's Economic Engagements with Major Trading Partners through ASEAN

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# Malaysia's Economic Engagements with Major Trading Partners through ASEAN

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## New Regional Economic Architecture

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### REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP

AFTA	ACFTA	AKFTA	AJCEP	AIFTA	AANZFTA	ASEAN's other external economic partners
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### ASEAN ECONOMIC COMMUNITY

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# Integrating and Enhancing ASEAN+1 FTAs through RCEP

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Thank  
you

